



Council Meeting: June 29, 2010

**SUBJECT: Award of Bid No. F0904-94 for Asphaltic Materials for
Department of Public Works Pavement Operations**

BACKGROUND

Emulsion oils, asphalt concrete, pavement reinforcement fabric and various filler and sealer materials are required by City street crews for the regular repair and maintenance of City streets and parking lots. Because of volatility in the market place, these items are typically competitively bid with firm fixed pricing for one-year periods without extension options.

DISCUSSION

Bid specifications were supplied by Public Works and Purchasing staff, and all potential local suppliers were directly notified that Invitation for Bids No. F0904-94 was available. Sealed bids were publicly opened on May 26, 2010.

Responsive bids were received from two of the local asphaltic suppliers: Reed and Graham and Granite Construction. Granite Construction bid on seven of the thirteen line items on the bid pages. It is therefore recommended that a contract be awarded to Reed and Graham as the low bidder, effective July 1, 2010. A separate blanket order will be established with Granite Construction, under the City Manager's award authority, for back-up/emergency supply of materials.

For FY 2010/2011, approximately \$730,000 is budgeted in the Pavement Operations Program (120) for the maintenance of City streets and parking lots. Additional capital project expenditures will likely be necessary and a separate blanket order will be established with Reed and Graham under the City Manager's award authority. Council approval of the FY 2010/2011 Budget will provide capital and operating program expenditure authorization for this contract.

The following chart shows the Reed and Graham current comparative pricing on high volume materials versus bid pricing for the requested contract.

<u>Item</u>	<u>Current Pricing (Effective 4/1/2010)</u>	<u>FY 2010/2011</u>	<u>Difference</u>
A. Asphaltic Emulsion Oils			
1. Emulsion Oil SS-1-H (used for roadway patching)	\$2.05/gal	\$2.50/gal	+22%
2. Emulsion Oil PM-CRS-2H (used as a base for chip sealing)	\$2.30/gal	\$2.65/gal	+15%
3. Emulsion Oil CRO (used as a top seal coat)	\$1.69/gal	\$1.90/gal	+12%
B. Asphaltic Concrete (Cold)			
1. ¼" Max. Diameter	\$76.50/ton	\$82.00/ton	+7%
C. Asphaltic Concrete (Hot)			
1. ¼" Max. Diameter	\$69.50/ton	\$72.00/ton	+4%
2. ¾" Max. Diameter	\$69.50/ton	\$69.00/ton	-1%

Due to the volatility of oil pricing suppliers have indicated that they would not submit bids without a price adjustment clause for emulsion oils and hot mix asphalt. Therefore, instead of firm fixed pricing, the contracts include a provision for a quarterly price review, based on the Liquid Asphalt Rack Price (the price suppliers pay oil companies for petroleum products).

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

FISCAL IMPACT

The Public Works Pavement Operations Program activities 120100 (Permanent and Deep Lift Patching) and 120110 (Double Chip Seal) have budgeted funds beginning in FY 2010/2011 for the required materials. Funds are also budgeted in various capital projects. Expenditures resulting from this contract will not exceed budgeted amounts.

RECOMMENDATION

It is recommended that Council award a one-year contract for asphaltic materials on an “as needed” basis to Reed and Graham, Inc., of San Jose in substantially the same form as the attached draft Purchase Order.

Reviewed by:

Mary J. Bradley, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Marvin Rose, Director of Public Works

Approved by:

Gary M. Luebbers
City Manager

Attachment:

A. Draft Purchase Order



ORDERED FROM 00900 - 001 Reed & Graham Inc 690 Sunol St San Jose, CA 95126 (408) 287-1400	ORDER DATE	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	EFFECTIVE DATE 7/1/2010	
	EXPIRATION DATE 6/30/2011	
	CONTRACT AMOUNT \$730,000.00	
REQUISITIONING DEPARTMENT (9022) DPW/FS - Streets & Lights	FOB ORIGIN	FREIGHT CHARGES Origin
	PAYMENT TERMS N/30	BID NO

ITEM	DESCRIPTION	UNIT	UNIT COST
1	Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period in accordance with the specifications, terms and conditions set forth Invitation for Bids No. F0904-94 and bidders response, which is incorporated herein by this reference. Asphaltic Emulsion Oil (SS-1-H)	GA	\$2.5000
2	Asphaltic emulsion Oil (PM-CRS-2H)	GA	\$2.6500
3	Asphaltic Emulsion Oil (CRO)	GA	\$1.9000
4	Asphalt Concrete Cold, 1/4" maximum	TN	\$82.0000
5	Asphalt Concrete, Hot 1/4" maximum	TN	\$72.0000
6	Asphalt Concrete 3/8" maximum	TN	\$72.0000
7	Asphalt Concrete 1/2" maximum	TN	\$69.0000
8	Asphalt Concrete 3/4" maximum	TN	\$69.0000
9	Crack Filler, Crafcoc or Henry	TN	\$1,420.0000
10	Asphalt Pavement Coating, Reed & Graham	GA	\$2.9900
11	Hydro-Patch, TA-92 Equivalent, in 50# bags	BG	\$13.5000
12	De Tack, per 5 gallon pail	PL	\$68.0000



ITEM	DESCRIPTION	UNIT	UNIT COST
13	Optional Cleaning and Neutralizing of City Trucks Per Cleaning	EA	\$350.0000
14	<p>Price Adjustment Clauses: Prices for asphaltic materials provided on or after the first day of the contract period each quarter (January 1st, April 1st, July 1st and October 1st) may be adjusted according to increases or decreases in the Liquid Asphalt Rack Price for that quarter. The adjusted price shall remain firm for each quarter. The successful bidder shall provide proof of the price quoted by their Liquid Asphalt supplier at the beginning of each quarter by faxing a copy to the Sunnyvale Purchasing Division at (408) 730-7710.</p> <p>Adjustments: a. Asphaltic Emulsion Oils For every \$5.00 per gallon/ton increase or decrease of the Liquid Asphaltic Rack Price, an increase or decrease of \$.03 per gallon shall be applied to each gallon of asphaltic emulsion oils at the time of purchase. b. Asphaltic Concrete For every \$10.00 per on increase or decrease of the Liquid Asphaltic Rack Price, an increase or decrease of \$.55 per ton shall be applied to each ton of Asphaltic Concrete at the time of purchase.</p>	DLR	\$1.0000
15	Petrotac Pavement Repair Membrane	BX	\$106.5000
16	<p>Return of Broken Materials (Broken A/C and Grindings Only) Truckload. No charge will be applied if picking up Asphalt Contract of equal tonnage.</p> <p>Awarded by Council 6/29/2010, RTC # _____</p> <p>Purchase Requisition # RQ006348</p> <p>This purchase order replaces BL001718</p>	DLR	\$100.0000

AUTHORIZED DEPARTMENT(S)

NO	DEPT NAME	RELEASE AMT
9020	DPW/Field Services Admin	\$30,000.00
9022	DPW/FS - Streets & Lights	\$30,000.00

DOCUMENT TERMS

This purchase order is subject to the City of Sunnyvale Standard Terms and Conditions for the Purchase of Goods, dated 10/25/2000, a copy of which is attached and incorporated by reference (Form #TCBPO-G). Invoices must be sent directly to Accounts Payable at the address above and must reference the purchase order number. Failure to comply will result in a delay in payment processing.

BUYER: _____

Howard, Dreama

PHONE (408) 730-7396

FAX (408) 730-7710